+------------------------------------------------+

| 2-of-2 multi-sig funding tx confirmed on-chain |

+------------------------------------------------+

|

|

| +-----------------------------------------------------------------------------------------------------------+

\--| Your version of the commitment transaction that you are holding off-chain in case you need to force close |

+-----------------------------------------------------------------------------------------------------------+

| | | |

| | | |

\* \* | | Output with my balance

| | | \--------------------------> I can spend it immediately upon you broadcasting this tx

| | | (P2WPKH)

\* \* |

| | |

| | |

\* \* |

| | | ,-> You can spend it one day after you broadcast this tx

| | | Output with your balance / (CSV relative timelock, expected outcome)

\* \* \---------------------------<

| | (P2WSH) \

| | `-> I can spend it if you broadcast this tx and I have the revocation key

\* \* (punish breach outcome)

| |

| |

\* \*

| |

| |

\* \* ,-- If the absolute timelock expires -> 2-of-2 multisig output for HTLC timeout tx

| | Your payment to me / (CLTV, refund to you) (see below)

| \-------------------<

| (P2WSH, HTLC output)|

\* \

| `-- I can spend it if you broadcast this tx and I have the secret payment preimage

| | (expected outcome)

| \

\* `- I can spend it if you broadcast this tx and I have the revocation key

| (punish breach outcome)

|

\*

| ,-- If you have the secret payment preimage -> 2-of-2 multisig output for HTLC success tx

| My payment to you / (see below)

\----------------------<

(P2WSH, HTLC output) |

\

`--> I can spend it if the CLTV absolute timelock expires

| (refund outcome)

\

`--> I can spend it if you broadcast this tx and I have the revocation key

(punish breach outcome)

+-------------------------------------------------------------------------------------------------------------+

| Your version of the HTLC timeout transaction that you are holding off-chain in case you need to force close |

+-------------------------------------------------------------------------------------------------------------+

input: expired absolute timelock

|

| ,-> You can spend it one day after you broadcast this tx

| / (CSV relative timelock, refund outcome)

\------<

\

`-> I can spend it if you broadcast this tx and I have the revocation key

(punish breach outcome)

+-------------------------------------------------------------------------------------------------------------+

| Your version of the HTLC success transaction that you are holding off-chain in case you need to force close |

+-------------------------------------------------------------------------------------------------------------+

input: secret preimage

|

| ,-> You can spend it one day after you broadcast this tx

| / (CSV relative timelock, refund outcome)

\------<

\

`-> I can spend it if you broadcast this tx and I have the revocation key

(punish breach outcome)